Synopsis

Introduction

Handloom industry is one of the important traditional industries in Kerala. Handloom industry has its presence in all the 14 districts of Kerala. But the rate concentration varies in different districts. The Southern and middle Kerala are famous for superfine varieties like *sarees, dhothies* and *set mundu* while the Northern Kerala is famous for the production of coarser varieties like bed spreads, towels and furnishing items. The Directorate of Handlooms, Thiruvananthapuram has identified Kasargod, Kannur, Palakkad, Kuthampully in Thrissur district, Chandamangalam in Ernakulam district and Balaramapuram in Thiruvananthapuram district as places of regional importance in handloom production. The handloom products of these six centres are promoted as regional brands which reflect the rich cultural heritage of the regions. Handloom industry in Kerala is dominated by the co-operative sector. About 99% of the weavers and 82% of the total looms in the state are covered under the co-operative fold. There are 664 registered Primary Handloom Weavers Co-operative Societies in Kerala (PHWCS) on 31st March 2013 consisting of 511 cottage type and 153 factory type societies. But, out of 664 societies, only 367 PHWCS (62%) are in working condition.[1] Further, 13,097 looms and 11,690 worker households are engaged in Handloom sector of Kerala (Handloom census, 2010).

Handloom is one of the largest economic activities in Tamil Nadu which employs about 3.52 lakh weavers including 90144 allied workers. Tamil Nadu is the 3rd largest handloom industrial state in India after Assam and West Bengal.[2] Average annual sale of Tamil Nadu handloom industry is Rs. 1500 crores. The average annual export of the sector is Rs. 600 crores. The handloom industrial units in Tamil Nadu are functioning in both Co-operative sector and private sector. More than 50 percent of the handloom units in the State are functioning under the purview of private sector. As per the records of Directorate of Handlooms, there are 1182 Primary Weavers Co-operative Societies functioning in the state of Tamil Nadu. Out of 1,182 Handloom Weavers Co-operative Societies, 1,035 are Cotton Primary Weavers Co-operative Societies, 61 are Industrial Weavers Co-operative Societies and the

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1 *Economic Review-2013, Kerala State Planning Board, Govt. of Kerala*

2 *Handloom Census of India 2009- 10, National Council of Applied Economic Research, New Delhi*

remaining 86 are Primary Silk Weavers Co-operative Societies. The Weavers Co-operative Societies exist in rural and semi urban areas where there is large concentration of handloom weavers. All the developmental and welfare schemes of the Central and State Governments intended for the handloom weavers are channelised through these Weavers Co-operative Societies. During the year 2011-2012, the Weavers Co-operative Societies have produced 892.22 lakh metres of handloom cloth valued at Rs.695.08 crore and sold handloom fabrics to the extent of Rs.852.42 crore. During the year 2011-2012 as many as 824 Weavers Co-operative Societies are working on profit.

Statement of Problem

The state of Kerala enjoyed a dominant position in the Handloom production arena in India. Till just a few years back, Kerala was at the fourth position in handloom production after Andhra Pradesh, Tamil Nadu and Uttar Pradesh. Till 1995, around five lakh people were employed in this sector. But recently the position has changed significantly. Now, the State of Kerala occupies only the 14^{th} position in India in terms of number of looms. Currently, the handloom industrial units in the State are destined to face numerous problems in different areas of its working viz, production, finance and marketing. The number of workers in the handloom sector dropped to 14,679 including 3344 allied workers. Many of the units in the Sate are forced to close down their operations due the various problems. The numbers of weavers, number of looms and number of handloom weavers' cooperative societies have come down over the years. Therefore, the handloom industry in Kerala lost much of its past glory during the last few years. However, the demand for the handloom products in the State is not declining. Handloom sector in the state is also facing encroachment of power looms product items from the Sate of Tamil Nadu camouflaged as handlooms. In order to revive and make the handloom industry as a competitive one in the post globalisation era, various strategies like cluster development approaches, participation of SHG's in handloom production, extending the National Employment Guarantee Scheme to the handloom sector, promotion of regional brands and various other schemes are implemented by the Central and State Government.

In contrast to this situation, the handloom sector in Tamil Nadu has not only survived but also grown in certain regions over the decades. Tamil Nadu has several popular weaving centres with specific varieties of handloom cloth weaving. Handloom is one of the largest economic activities in Tamil Nadu which employs about 3.52 lakh people including 90144

allied workers. Now, Tamil Nadu is the Third largest handloom industrial state in India after Assam and West Bengal.[3] At the same time, the number of power looms, and shift of handloom weavers to power looms have increased in the State. This has resulted in, the power loom weavers, disguising themselves as handloom weavers, grabbing opportunities meant for handloom sector, including the designs, variety, exemptions from excise and sales duties etc. This has gone to the extent that power loom cloths going for export camouflaged as handloom cloths. Owing to productivity differences the prices of power loom products are naturally lower and so consumer preference for power loom cloths are higher. Therefore, handloom weavers leaving handlooms for employment in power loom sector and other occupations is widely noticed in the State. It is against this background, an in-depth comparative study on the characteristics and appraisal of the handloom industrial units in Kerala and Tamil Nadu becomes relevant and useful. Hence, this present study has been undertaken.

Objectives of the Study

The main objective of the study is to conduct a detailed comparative investigation on the economic aspects of the handloom industrial units in Kerala and Tamil Nadu. To achieve this main objective, the following specific objectives have been framed.

1. To review the structural characteristics and problems of handloom industrial units in the area of production.
2. To examine the structural characteristics and problems of handloom industrial units in the area of marketing.
3. To assess the structural characteristics and problems of handloom industrial units in the area of finance.
4. To analyse the cost and probability of handloom industrial units
5. To evaluate the financial performance of the handloom industrial units

[3] *Handloom Census of India 2009- 10, National Council of Applied Economic Research, New Delhi*

Hypotheses

1. The structural characteristics of handloom industrial units in Kerala and Tamil Nadu in the area of production are same.
2. There is no difference in the problems faced by handloom industrial units in Kerala and Tamil Nadu in the area of production.
3. The structural characteristics of handloom industrial units in Kerala and Tamil Nadu in the area of marketing are same.
4. The problems faced by handloom industrial units in Kerala and Tamil Nadu in the area of Marketing are same.
5. The structural characteristics of handloom industrial units in Kerala and Tamil Nadu in the area of finance are same.
6. There is no difference in the problems faced by handloom industrial units in Kerala and Tamil Nadu in the area of finance.
7. The cost and profitability of handloom industrial units in Kerala and Tamil Nadu are same.
8. There is no difference in the financial performance of handloom industrial units in Kerala and Tamil Nadu.

Methodology

The study is both descriptive and empirical in nature. Both primary and secondary data have been used for the purpose of the study. Primary data is collected from the sample handloom industrial units working in the State of Kerala and Tamil Nadu through a structural interview schedule. Secondary data is collected from Books; Journals; Dissertations; Periodicals; Publications of Directorate of Handlooms, Department of Economics and Statistics, Kerala State Planning board, National Council of Applied Economic Research, Handloom Export Promotion Council; and Official websites of Central and state Government Agencies of the sector.

Sampling Design

Universe of the Study

The handloom industrial units in Kerala are mainly concentrated in Co-operative folder. As per the records of the Directorate of Handlooms, Government of Kerala, about 94% of the handloom industrial units and 99% of weavers in Kerala are functioning under the cooperative fold, and remaining number of units under the unorganized/private sector. But, in the state of Tamil Nadu, handloom industrial units are functioning in both Co-operative and private sector. Therefore, in order to conduct a comparative investigation, Handloom Industrial units coming under the Co-operative folder alone are selected for the in-depth study. As on 31st march 2012, there are 591 Primary Handloom Weavers Co-operative Societies (PHWCS) functioning in the State of Kerala(Economic Review, Kerala State Planning Board, 2012). While, there are 1,182 Primary Handloom weavers Co-operative Societies (PHWCS) functioning in the State of Tamil Nadu as on the date (Directorate of Handloom, Government of Tamil Nadu, 2012).

Determination of Sample Size

The minimum required sample size for the study was decided on the basis of size of the universe by using Sample Size Table. As per the sample size table, minimum number of sample size (n) to be taken from the State of Kerala was 220 (N= 591, P< 0.05). In order to conduct a comparative study, an equal number of sample size i.e. 220 units from the State of Tamil Nadu had been fixed.

Selection of Sample Units

In Kerala, sample units were selected from each district on the basis of the respective percentage of the population of the sample frame. Simple random sampling method by using random number table was employed for the selection of sample units. On the basis of the sample size table, the minimum number of samples required for a study in Kerala was estimated to be 220. In Kerala, sample units were selected from each district on the basis of the respective percentage of the population of the sample frame. Simple random sampling method by using random number table was employed for the selection of sample units.

In order to facilitate comparison, an equal number of samples (220 units) were also taken from Tamil Nadu. In the state of Tamil Nadu, a two stage random sampling design has been followed in the selection of sample units. As per the classification by the Directorate of Handloom and Textiles, Tamil Nadu, there are 20 handloom circles comprising of 32 districts of Tamil Nadu. In the first stage, one district from each of the 20 circles was selected on a random basis by employing lottery technique. In the second stage, sample units from sample districts have been selected on the basis of the respective percentage of the sample frame. Simple random sampling technique by using random number table was employed for selecting the sample units.

Period of the Study

The data collected for the study were relating to a five year financial period from 2007-08 to 2011-12. However, a longer duration has also been considered wherever necessary

Tools used for the Analysis

Statistical Package for Social science has been used to analyze the data. Appropriate mathematical and statistical tools such as arithmetic mean, independent t test, UGL model, Leven's test, ANOVA, Multiple correlations, Multiple Regression, Partial correlation, Logistic regression, Factor analysis, and Chi Square test has been employed for the purpose.

Scheme of Presentation of the Report

The report of the study has been presented in seven chapters

Chapter- 1: Introduction

Chapter-2: Review of literature

Chapter-3: Handloom Industry-An Overview

Chapter-4, 5 & 6: Analysis and Discussion

Chapter-7: Summary of Findings, Conclusion, Implication and Suggestions